

# **UNIVERSITY GUIDELINES 1982**

**AS AMENDED 1997 and 2020**

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By the Legislative Audit Commission

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By the Legislative Audit Commission

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By the Legislative Audit Commission

***UNIVERSITY GUIDELINES 1982***  
***(As Amended 1997 and 2020)***

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## I. INDIRECT COST REIMBURSEMENTS

### A. Definitions

1. **Allocated indirect cost reimbursements:** Reimbursement revenues which have been allocated for expenditure in the university's internal budget by record action of the governing board.
2. **Unallocated indirect cost reimbursements:** Reimbursement revenues received in excess of the amount allocated, calculated as follows: Beginning [July 1] account balances [+] reimbursement revenue [-] total amount of allocated indirect cost reimbursements.
3. **Indirect cost carry-forward:** The amount of indirect cost reimbursements which may be retained at year-end for use in the subsequent fiscal year pursuant to the formula contained in Section F.

### B. Indirect cost reimbursements shall be expended only pursuant to allocations of funds within the university's budget as formally adopted by the institution's governing board. At the time of the initial allocation for any fiscal year, the university shall identify:

1. The total amount of indirect cost reimbursements which it then expects to receive during that fiscal year; and
2. The total amount of allocated and unallocated indirect cost reimbursement funds carried over from the preceding fiscal year.

Any amounts not so allocated are considered unallocated. Supplemental allocations of indirect cost reimbursements received after the adoption of the budget may be allocated only in accordance with the regular procedures for amendments of university budgets.

### C. Indirect cost reimbursements may be used for the following purposes:

1. To pay for the costs of the grants and contracts operations of the institution.
2. To pay for overhead expenses of the university in a manner consistent with the formulae under which the funds were recovered.
3. For payment of cost sharing and matching requirements of grants and contracts.
4. For payment, as excess indirect cost reimbursement funds, into the Income Fund.

5. For (1) payment of costs associated with the COVID-19 pandemic or (2) transfer into other University accounts to substitute for lost or foregone projected revenues during Fiscal Year 2021.
- D. As indirect cost reimbursements are received, they may be retained and expended in accordance with and up to the limitations of the allocations.
- E. Once amounts of indirect cost reimbursements are allocated, they may not be reallocated except as formally adopted by the governing board or by university officers authorized by the board to make such reallocations.
- F. **Indirect cost carry-forward.** The university may carry-forward indirect cost reimbursements in amounts calculated by applying the formula expressed in Figure 1 and as set forth below:
  1. **Allocated funds:** The university may carry-forward and retain an amount not to exceed 30% of the amounts budgeted for expenditure for the fiscal year then ended.
  2. **Unallocated funds:** The university may carry-forward and retain the lesser of: a) the actual unallocated indirect cost reimbursements; or b) 10% of the total indirect cost allocations for the year completed.
  3. **Encumbrances:** The amount of outstanding encumbrances and current liabilities of the indirect cost entity or fund at year's end which are paid prior to the expiration of the State's lapse period may be retained and held in addition to the amounts otherwise provided in this section.
- G. Provision F, above, shall not apply to a university which receives an amount of indirect cost reimbursements exceeding 250% of the indirect cost reimbursements allocated and budgeted during the fiscal year then ended, provided that such increase was not known and could not have been foreseen at the time the budget was prepared. Under these circumstances, the carry-forward amount may equal 50% of the total indirect cost reimbursements received in the fiscal year then ended.
- H. The university shall make the calculations required above and remit any amounts due to the Income Fund not later than 45 days after the conclusion of the lapse period. *See Figure 1.*
- I. The Auditor General shall verify the calculations required in this section as a part of any annual financial or compliance audit of the university.
- J. A statement of the sources and application of indirect cost recoveries shall be prepared annually and published as a part of the university's financial report or supporting schedules document.

**Figure 1**  
**Calculation Sheet for Indirect Cost Carry-forward**

**1. Cash and Equivalents Balance**

Enter the June 30 indirect cost entity balance for cash and equivalents

Add:

Cash .....	\$	
Cash Equivalents .....		
Bank Deposits .....		
Marketable Securities .....		
Certificates of Deposit .....		
Repurchase Agreements .....		
Other cash equivalent items .....		
Interfund receivables .....		\$

**2. Allocated Reimbursements**

Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed:

\$.....; enter 30% of this amount.....

\$
----

**3. Unallocated Reimbursements**

Enter the lesser of the actual unallocated indirect cost reimbursements for the year completed OR 10% of total indirect cost allocations for the year completed .....

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**4. Encumbrances and Current Liabilities Paid in the Lapse Period**

Enter the amount of:

Current Liabilities .....	
Encumbrances .....	
Total .....	\$

**5. Indirect Cost Carry-forward**

a. Enter the total of items 2, 3 and 4 .....

--

b. Subtract from item 1 .....

--

If a positive number results, enter here and remit

for deposit in the Income Fund.

\$
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## II. TUITION, CHARGES AND FEES

All revenues derived from instructional activities of whatever nature are covered by this chapter. Such revenues must be categorized as either tuition, charges, or fees, and treated as provided for by this section.

### A. Tuition.

1. **Deposit requirements:** Tuition received for not-for-credit (i.e., public service) courses shall be held as local funds in the accounting entity established pursuant to these Guidelines. Unless otherwise provided by law, all tuition received from any and all credit-bearing course offerings shall go into the Income Fund, except monies may be retained locally when received for conferences, courses and continuing education (whether held on campus or off):
  - a) which are requested by and the course content of which is coordinated with a governmental unit, community organization or private business; and
  - b) where the full cost is paid by the requesting governmental unit, community organization or private business.
2. **Accounting requirements:** Monies retained pursuant to this section shall be accounted for in separate accounting entities for credit and not-for-credit courses. Income from all such courses may be pooled within these entities.
3. **Expenditure requirements:** All costs associated with the course, conference or continuing education program operated pursuant to this section must be paid from the accounting entities established in paragraph 2, above. No expenses for any other purpose may be paid from these entities.
4. **Calculation of excess funds:** All funds remaining in the accounting entities at the end of the fiscal year shall be paid into the Income Fund within 45 days of the close of the lapse period except as follows:

Each entity is allowed to retain a working capital allowance and capital reserves at the end of the fiscal year. However, any current excess funds, as defined in Chapter IV of these Guidelines, must be paid into the Income Fund. The working capital formula specifically provides for deferred income.

### B. Charges.

Charges associated with an instruction program which is unique (such as foreign programs, field trips and flight training) and which are necessary to the program, may be retained locally. Such funds must be accounted for on an activity-by-activity basis. At

the end of the fiscal year, any non-tuition funds remaining, which have not been refunded to the students from whom they came, must be deposited into the Income Fund except for current liabilities and encumbrances paid in the lapse period, deferred income, and refundable deposits.

C. Mandatory student fees.

All mandatory student fees shall be deposited into the Income Fund, except as provided under the statutory authority for fee supported buildings, other bond covenants, auxiliary enterprises and other activities. The term “mandatory” is defined as meaning imposed whether by statute or administrative action. Universities must maintain detailed accounting records on revenues associated with each mandatory fee and incorporate this financial information in the appropriate accounting entity in accordance with the provisions of these Guidelines. The report shall be prepared annually and published as a part of the university’s financial report or supporting schedules document.

D. Tuition and Fee Waivers

The Board of Higher Education, in consultation with the universities, shall develop and issue annual reporting requirements concerning the dollar value, number and type of tuition and fee waivers at each university. One of the goals of such reporting requirements shall be to provide consistent and uniform reporting from one year to another and amongst the universities.

E. University Income Fund

Universities shall report on the transactions of the University Income Fund for the fiscal year. The report shall be sufficiently detailed to show all revenues by source of funds and expenditures by line item on a fiscal year basis. Additional reporting may be required as directed by the Legislative Audit Commission. The report shall be prepared annually and published as a part of the university’s financial report or supporting schedules document.

### III. AUXILIARY ENTERPRISES, ACTIVITIES AND ACCOUNTING ENTITIES

- A. **Auxiliary enterprises** are operations which are not directly related to instruction, research or service organizational units, but which support the overall objectives of the university. Examples are:

Food vending  
Residence and dining facilities  
Bookstores  
Health Centers  
Assembly halls

Student unions and centers  
Busing operations  
Parking operations  
Laundries  
Golf Courses  
Recreation centers

- B. **Activities** are functions which are self-supporting in whole or in part which are directly related to instructional, research or service units. Examples are:

Student and/or staff medical and health programs  
Student programs and services  
Student newspapers  
Athletics  
Farms  
Hospitals  
Clinics (dental, veterinary medicine)  
Airports  
Presses  
Home economics cafeterias  
Store rooms  
Service departments

- C. **Accounting entities.** Each institution shall maintain accounting entities for auxiliary enterprises and for activities. Each entity shall consist of undertakings which are substantially similar and rationally related. All accounting entities shall be codified into an accounting manual. Financial statements shall be prepared for each entity, using the accrual basis whenever feasible. These financial statements shall be used for all computations required by these Guidelines.

D. **Subsidies.**

1. There shall be no subsidies between accounting entities. Subsidies include cash advances and interfund payables/receivables outstanding for more than one year. Equipment may be transferred between entities where the principal purpose is to better utilize property.
2. State appropriated funds subsidies for auxiliary enterprises are prohibited. However, State funds may be used to subsidize auxiliary enterprises if authorized by specific enabling legislation, or by a line item appropriation of funds specifically for the auxiliary enterprises entity.
3. State appropriations shall not be used to create or increase working capital or capital reserves of an auxiliary enterprise entity. This provision shall not apply if the



General Assembly specifically appropriates funds to the enterprise or entity for the purpose of increasing such reserves.

- E. Working capital needs for direct program costs of cost reimbursable contracts should be met through temporary advances from other funds or through the legislative appropriation process. Interfund borrowings or advances between funds, grants, or accounts for the same purpose for cumulative periods of longer than one year are subsidies and are not permitted. Expenditures from appropriations may be made only when other funds are exhausted and should be fully reimbursed to the source from which paid when the contract funds are received. Indirect costs should be paid from indirect cost recoveries; if the balance is insufficient, they may be paid from regular operating appropriations, subject to the limitations provided in the preceding sentence. The indirect cost reimbursements may be retained only pursuant to Guideline provisions. A separate working capital fund should not be established.
- F. Temporary advances between accounting entities may be used only to fund operating cash deficits. They may not be used to fund capital expenditures or construction costs. Advances outstanding in excess of one year are subsidies and are therefore prohibited.

#### IV. RESERVES AND EXCESS FUNDS

- A. Establishment of reserves.
  - 1. Each accounting entity may maintain a working capital allowance and capital reserves.
  - 2. Reserves must be established pursuant to formal action of the governing board, and are limited to the amounts and categories specified below.
- B. **Working capital allowance.** The working capital allowance and current excess funds shall be computed in the following manner:

	Current available funds
<i>minus</i>	<u>Working capital allowance</u>
<i>equals</i>	<b>Current excess funds</b>

**Current available funds** are defined as the sum of:

- (a) Cash;
- (b) Cash equivalents; and
- (c) Interfund receivables.

The **working capital allowance** is defined as the sum of:

- (a) The highest month's disbursements (including not more than 1/12 of total annual transfers to bond reserves) for the fiscal year just completed; (Universities shall not organize disbursement patterns to create artificially high disbursement levels.)
- (b) Encumbrances and current liabilities (excluding refundable deposits) chargeable to current year's operations and paid prior to the end of the State's lapse period (60 days after the close of the fiscal year);
- (c) Deferred income and refundable deposits arising from previous cash transactions;
- (d) For entities with inventories, the amount necessary to increase current inventory to normal operating levels based on prior year's operations over and above those inventory-related encumbrances and liabilities included in (b), above; and
- (e) An allowance for anticipated payouts of accumulated vacation and sick leave during the next fiscal year.

Implicit in this formula is the understanding that cash required to be transferred to capital replacement, debt retirement reserves and reserves permitted by these Guidelines will have been transferred to the appropriate reserves of the accounting entity. If these transfers have not been made, the transfers should be reflected on a pro forma basis before making the excess fund computation. *See Figure 2.*

C. Capital reserves and excess capital funds.

**1. Revenue bond entities.**

- a) **Indentured capital reserves:** Each entity in a revenue bond series may have the capital reserves and reserve balances as required by the bond indenture. In cases in which the indenture imposes a minimum requirement and authorizes additional reserves subject to a maximum limitation, reserves and reserve balances may be retained in amounts not to exceed the maximum specified in the indenture.
- b) **Non-instructional facilities reserves:** The university's governing board may establish additional, identifiable reserves for the provision of additional non-instructional facilities, provided such facilities are for undertakings which are substantially similar and rationally related to the other functions of the entity. Each reserve shall be subject to the following limitations and requirements:

## Figure 2

### Calculation Sheet for Current Excess Funds

#### 1. Current Available Funds

Add:

Cash .....	\$	
Cash Equivalents .....		
Bank Deposits .....		
Marketable Securities .....		
Certificates of Deposit .....		
Repurchase Agreements .....		
Other cash equivalent items .....		
Interfund receivables .....		
Total Current Available Funds. .... <b>A.</b>		

#### 2. Working Capital Allowance

Add:

Highest month's expenditures .....	\$	
Encumbrances and current liabilities paid in lapse period .....		
Deferred income .....		
Refundable deposits .....		
Allowance for Restoring Inventory to Normal Level .....		
Allowance for Sick Leave/Vacation Payouts .....		
Working Capital Allowance. .... <b>B.</b>	\$	

#### 3. Current Excess Funds

Deduct **B** from **A** and enter here ..... **C.** \$

#### 4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here ..... **D.** \$

Enter the algebraic sum of **C** and **D** and remit the amount due, if any, for deposit in the Income Fund.

1. Each reserve shall be limited to the discrete, specific project or projects for which it is created. A statement of specific projects, with clear descriptions of size, scope, purpose and funding arrangements must be incorporated into the Board of Trustees resolution creating the reserve. The project list may not be amended after the related reserve has been created. The source of the funds and the proposed use must be substantially similar and rationally related to the source of funds.
  2. Each reserve may be used only for the discrete, specific project or projects for which it was created. The reserve may be used only for improvement and expansion; it may not be used for operations or maintenance expenditures.
  3. The reserve may not be used for any purpose for which the revenue bond entity is permitted or required to maintain other reserves.
  4. The project or projects for which the reserves are created must have been approved by the Illinois Board of Higher Education prior to the implementation of a development reserve.
  5. Immediately after the approval of the project(s) by the Board of Higher Education, and prior to the implementation of the reserve, the Auditor General shall be notified in writing. All necessary documentation shall be provided, including a complete copy of the resolution creating the reserve.
  6. Any funds remaining in the reserve as of the date of the architect's or engineer's certificate of completion shall be paid over to the Income Fund within 20 days. A project shall be deemed abandoned at such time as:
    - a) the governing board declares the project abandoned; or when
    - b) the governing board does not award a substantial construction contract within three years of the date on which the reserve received its first monies.
2. **Non-indentured entities:** Capital reserves fund balances of non-indentured entities are limited to maximum amounts to be computed as follows:
1. For buildings and related permanent improvements to property, exclusive of parking lots, total reserves not to exceed 5% of the replacement cost of the associated assets as determined by the Engineering News Record replacement index.

2. For parking lots, total reserves not to exceed the greater of: a) 10% of the historical cost of the parking lots; or b) the estimated cost of resurfacing any one existing parking lot in the accounting entity.
3. For movable equipment and any other item not specifically covered above, total reserves not to exceed the greater of: a) 20% of the historical cost of the assets; or b) the replacement cost, net of scrap value or trade-in, of any individual piece of equipment included within the accounting entity.
3. **Exceptions to reserve limitations.** The capital reserves established by this section represent the maximum aggregate reserves permitted for equipment replacement, extraordinary maintenance, development and similar purposes. Specific exceptions to these reserve guidelines may be submitted to the Legislative Audit Commission for review, comment and approval at any time after formal review and approval by the cognizant university governing board. Approval shall be obtained from the Legislative Audit Commission prior to establishing any reserve in excess of the amounts permitted by this section.

D. Calculation procedures.

1. At the conclusion of the State's lapse period, each university shall calculate the working capital allowance and capital reserves using the entity financial statements required by these Guidelines and applying the formulae established by these Guidelines. The calculations will be completed on a timely basis. The university shall remit any excess funds for deposit in the Income Fund not later than 45 days after the close of the lapse period.
2. Calculations will be completed for each entity. Excess funds of one entity may not be offset against another entity having less than the maximum permitted working capital allowance or capital reserves. However, current excess funds or excess capital funds of an entity may be offset within the entity. Calculations and supporting documentation shall be retained in written form for post audit review.

## V. REVENUE BONDS

A. Accounting requirements.

1. Accounting for revenue bonds must comply with all requirements of the bond indentures. In addition, the accounting system must produce the reports and information required by these Guidelines.
2. Each university must maintain accounting entities into which all revenue bond enterprises and activities must be classified. Only activities or enterprises which are substantially similar and rationally related may be grouped into the same accounting

entity. Each entity may have reserves as provided in Chapter IV of these Guidelines. It is recognized that a bond series may require the pledging of funds from one series to another as a means of providing additional security to the bondholder. However, once all reserve and debt service requirements of the bond indentures have been fulfilled, any funds remaining are excess funds subject to deposit or other disposition as provided by Chapter IV.

B. Special provisions applicable to revenue bond enterprises and activities.

In the event that current excess funds or excess capital reserves occur in a revenue bond entity, the university may elect to retain the funds for the purpose of debt retirement. The excess funds principal, and any interest earned on the investment of these funds, shall be held in a separate account and used only for the purpose of retiring indebtedness by purchase or redemption. The funds must be expended for debt retirement not later than April 1. For example, excess funds of fiscal year 1985 must be paid out for debt retirement not later than April 1, 1986. If not so expended, the principal and any accumulated interest shall be paid over to the Income Fund within 10 days (April 10).

C. Compatibility with the Guidelines.

1. Bond indentures must be in conformance with bond revenue statutes. Where a bond indenture provides permissive authority in conflict with Guideline requirements, the Guidelines will prevail. Where an indenture imposes a mandatory duty in conflict with the Guidelines, the bond indenture will prevail.
2. Bonds issued after the effective date of the 1982 Guidelines shall be in conformity with all Guideline requirements. This requirement applies to bonds issued to refinance bond issues outstanding as well as to new bond issues.
3. Systems desiring to issue bonds or to refinance bonds with terms or covenants inconsistent with these Guidelines may request a waiver from specified requirements. The Legislative Audit Commission shall approve or deny the request for a waiver within 60 days after receipt. If no action is taken, the request shall be deemed to have been granted.

## **VI. UNIVERSITY-RELATED ORGANIZATIONS**

This section outlines the relationships to be followed between universities and university-related organizations (URO's).

A. Definition.

University foundations, athletic associations, alumni associations and corporate outgrowths are "university-related organizations" (URO's).

B. Relationship to the university.

University-related organizations are subject to the Guidelines.

C. Relationship of university and URO.

The relationship of a university to a URO shall be specified by these Guidelines and contained in a written contract between the university and each URO. Consideration for the contract shall not exceed the cost of providing the services and shall not include an allowance for risk or profit. Universities shall not pay indirect costs to a URO.

D. Use of university name.

The university may, upon approval of the appropriate governing board, permit the URO to use the university's name or the initials of such name as part of the URO's name.

E. Use of university facilities.

The university may allow the URO to use university facilities, assets, services and resources, provided that such use is supported by consideration at rates charged other university users, if such charges are regularly made, or at the cost of furnishing such services if no internal charges are in existence.

F. Elimination of subsidies.

Each university shall eliminate any direct or indirect subsidies of URO's from university or appropriated funds not later than June 30, 1987. This provision shall not apply to funds received by the university which are restricted for the benefit of the URO.

The term "subsidy" shall not be interpreted to include contracts for services as provided for in Sections C and I of this chapter.

The university budget processes or the contract will expressly identify all support provided to the URO. Revenue accounts will be maintained to identify all payments received from the URO for repayment of funds advanced and as reimbursement for the use of university assets, facilities or services. If the URO maintains separate financial records, companion entries will, of course, appear in these records as well.

G. Donated assets.

The following provisions apply to the receipt, retention and use of donated assets or the proceeds of assets donated to the URO.

1. URO's may receive, administer and use donated assets or the proceeds of donated assets, subject to restrictions, if any, imposed by donors.
2. URO's are permitted to retain all such donated funds as local funds.
3. Any university funds advanced to a URO or receivables from a URO shall be repaid to the source from which obtained within one year of the date of the transaction.
4. The university budget and accounting processes must identify expressly all support provided the URO. Revenue accounts must be maintained to identify all payments received from the URO for repayment of funds advanced and as reimbursement for the use of university assets, facilities or services. If the URO maintains separate financial records, companion entries will, of course, appear in these records as well.

#### H. Creation of debt.

Universities may create debt only as authorized by law pursuant to Article IX, Section 9 of the Constitution. The universities shall not enter into agreements with their URO's to avoid this Constitutional provision.

#### I. Transactions between the university and URO's.

##### 1. General rules.

- a) The university shall not enter into an agreement with a URO in which the URO conducts any transaction for the university in violation of the university's statutory and regulatory compliance requirements.
- b) The university may purchase property from a URO, but no profit shall inure to the URO as the result of such transactions. The purchase price shall be limited to the lower of cost or market. Cost is defined as the amount paid by the URO including appropriate and reasonable direct costs of the acquisition. No indirect or overhead allowance may be included. The university may not purchase from the URO any property which the URO received by donation.

##### 2. Real estate.

The university shall report the purchase by the URO of any real estate in excess of \$250,000 and the URO's acceptance of any gifts of real estate estimated to have a fair market value in excess of \$250,000. The reports shall be prepared annually and published as a part of the university's financial report or supporting schedules document.



### 3. Personal property.

Universities are required to adhere to the Illinois Purchasing Act in the acquisition of personal property. Any personal property purchased by the university from the URO must have been acquired by the URO in accordance with the Illinois Purchasing Act. Otherwise, the university must adhere to the competitive procurement requirements of the Act in making the purchase.

### 4. Services performed by URO's.

- a) A university may contract with a URO for the provision of services by the URO. Consideration shall not exceed the cost of providing the services, and shall not include an allowance for risk or profit.
- b) The URO shall maintain sufficient records, including cost allocation detail, time records, and records of supplies and materials consumed, to enable a post audit review of the contract by the Auditor General.
- c) Where a URO performs an auxiliary enterprise or activity function pursuant to a contract with the university, the contract may permit the URO to retain non-gift monies to the extent permitted by the working capital and capital reserves provisions of these Guidelines. The contract shall provide for the return of monies in excess of these amounts to the university for deposit in the Income Fund.

### 5. Prohibited transactions.

As of the date upon which these Guidelines are adopted, any new installment, capital lease or contract for deed transaction between the university and the URO is prohibited. Capital lease transactions include any transaction required to be capitalized by generally accepted accounting principles or by the State Comptroller's procedures for the preparation of GAAP financial statements.

## **VII. INDEPENDENT ORGANIZATIONS**

### A. Definition.

Alumni associations, athletic associations, foundations or corporate outgrowths which do not agree to conduct their operations as a "university-related organization" subject to Chapter VI of these Guidelines are "independent organizations" for purposes of these Guidelines.

B. Status.

Independent organizations will not be considered administrative units of the university.

C. Standards of university conduct.

This section sets forth the minimum standards to be upheld by the university in transactions and relationships with independent organizations.

1. The university shall not permit an independent organization to occupy university facilities or property, except for casual rental of facilities or property regularly made available to the general public.
2. The university shall not permit an independent organization to use any university asset, university credit, goodwill, or the name of the university, except as may be licensed by statute by the General Assembly. Specifically, an independent organization may not use the name "XXX University Foundation."
3. There shall be no subsidies, grants or other contractual interplay between the university and an independent organization, with the exception of contracts for goods and services meeting the following conditions.
  - a) The contract must represent a bona fide arm's length transaction.
  - b) At least three qualified, responsive bidders must respond to the bid invitation or request for proposal.
  - c) All competitive procurement provisions of the Illinois Purchasing Act must be adhered to, regardless of whether the service or goods being procured would otherwise be exempt from competitive bidding under the act.
4. A university shall not employ or appoint an independent organization to act as an agent for the university in any transaction.
5. The university shall not transfer any funds to an independent organization except as provided in item 3 of this section. Funds donated to the university shall not be transferred to an independent organization.
6. The university shall not urge, suggest or recommend contributions to an independent organization. The university may make such recommendations with regard to university-related organizations (URO's).
7. No officer or employee of the university shall serve concurrently as an officer, trustee, employee or director of an independent organization.

8. Prior to establishing a status as an independent organization, all prior subsidies, in-kind grants, and payments of whatever kind must be repaid to the university.
9. Any URO or independent organization created by distribution of the assets of any other URO or independent organization shall be deemed to have the same status as the creating/distributing URO or organization until such time as it fails to meet the criteria established by these Guidelines.
10. The university shall not grant an independent organization use or benefit of the university's tax exempt status under either State or federal laws.

### **VIII. INVESTMENT INCOME**

Net investment income received in any fiscal year by a university which is not allocated to the entity or source of funds generating the investable cash, is to be deposited into the appropriate University Income Fund.

### **IX. REPORTING REQUIREMENTS**

In addition to any other reporting requirements imposed by these Guidelines, each university shall adhere to the following:

#### **A. Real estate acquisitions.**

Each university shall prepare an annual report on the acquisition of real estate costing in excess of \$250,000, and not funded by a separate appropriation specifically identifying the particular acquisition.

#### **B. Funds paid over to the Income Fund.**

Each university shall prepare an annual report summarizing by accounting entity the funds paid over to the Income Fund by operation of these Guidelines. Copies of the calculation sheets for the indirect cost carry forward and current excess funds shall be appended to the report.

#### **C. Each university issuing certificates of participation or participating in lease or purchase arrangements involving certificates of participation shall prepare a report describing each such transaction or arrangement entered into in the preceding fiscal year.**

#### **D. These reports shall be prepared annually and published as a part of the university's financial report or supporting schedules document. All reports required under these Guidelines shall be public documents, copies of which shall be available for inspection at the university's main library.**

**X. STATUTORY COMPLIANCE**

In the event any guideline set forth above, when applied by a university or its governing board, or a URO, is inconsistent with the laws of the United States or the State of Illinois, then the university or its governing board, or a URO, shall be excused from complying with the terms of these Guidelines and shall be required to comply with such laws.

**XI. TRANSITION PROVISIONS**

- A. These Guidelines shall become effective upon their adoption by the university's governing board.
- B. The universities shall achieve compliance with these Guidelines not later than June 30, 1983.
- C. The 1997 amendments to these Guidelines shall become effective upon their adoption by the Legislative Audit Commission. Each university shall achieve compliance with the amended Guidelines no later than June 30, 1998.